



**Board of Trustees Meeting**  
Thursday, October 16, 2008, 10:00 a.m.  
Utah County Commission Office  
100 East Center Street #2300, Provo, Utah

## *AGENDA*

10:00 Call to Order

Lynn Lemon

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**ITEM ACTION**

- |    |  |                |
|----|--|----------------|
| 1  | Excuse Board Members Absent  | Lynn Lemon     |
| 2  | Approval of September 11, 2008 Meeting Minutes   | Steve Wall     |
| 3  | Review/Approve Amended Board Travel Policy (Reimbursement/Per Diem)  | Johnnie Miller |
| 4  | Review/Approve Amended Investment Policy   | Lynn Lemon     |
| 5  | Review/Approve 2009 Tentative Budgets  | Johnnie Miller |
| 6  | Review/Approve 2009 Premium Contributions  | Johnnie Miller |
| 7  | Set Date and Time for Closed Meeting<br>to Discuss Character, Professional Competence, Physical/Mental Health of an Individual | Lynn Lemon     |
| 8  | Action on Personnel Matters  | Lynn Lemon     |
| 9  | Set Date and Time for Closed Meeting<br>to Discuss the Pending or Reasonably Imminent Litigation                               | Lynn Lemon     |
| 10 | Action on Litigation Matters   | Kent Sundberg  |
| 11 | Ratification and Approval of Payments and Credit Card Transactions   | Steve Wall     |

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**INFORMATION**

- |   |                |
|---|----------------|
| Review Third Quarter Financial Statements Summary | Sonya White    |
| Review Benefits Program                           | Johnnie Miller |

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Other Business	Lynn Lemon
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Lunch Provided



**AFFIDAVIT OF LYNN LEMON**

**STATE OF UTAH** )  
 )  
 )  
**COUNTY OF SALT LAKE** )

Lynn Lemon, being duly sworn upon oath, deposes and says:

1. That the affiant has personal knowledge of the matters hereinafter referred to in this Affidavit.
2. That the Affiant, on or about the 16 day of October, 2008, presided over a meeting of the Utah Counties Insurance Pool Board of Trustees, an open and public meeting within the provisions of Chapter 4, Title 52, Utah Code Annotated, 1953, as amended.
3. That a quorum of the Utah Counties Insurance Pool Board of Trustees was present and at least two-thirds of the members present, voted to close the meeting pursuant to the provisions of Section 52-4-4, Utah Code Annotated, 1953, as amended, for the purpose of discussing the character, professional competence, or physical or mental health of an individual.
4. That the affiant was present throughout the meeting and, pursuant to the provisions of Section 52-4-7.5, the affiant does hereby affirm that the sole purpose for closing the meeting was to discuss the character, professional competence, or physical or mental health of an individual or individuals.


FURTHER, Affiant saith not.

DATED this 16 day of October, 2008.

  
LYNN LEMON, President  
Utah Counties Insurance Pool

On the 16 day of OCT 2008, personally appeared before me Lynn Lemon, who, after being by me duly sworn, deposed and said that the information contained in the above and foregoing Affidavit is true and correct.



  
NOTARY PUBLIC  
Residing at: Midvale, UT  
My Commission Expires: April 18, 2010







Utah Counties Insurance Pool  
*Supporting Your Goals Since 1992*

## BOARD OF TRUSTEES MEETING

### MINUTES

October 16, 2008, 10:00 a.m.  
Utah County Commission Office, Provo, Utah

#### BOARD MEMBERS PRESENT

Lynn Lemon, *President*, Cache County Executive  
Kay Blackwell, *Vice President*, Piute County Commissioner  
Steve Wall, *Secretary-Treasurer*, Sevier County Clerk-Auditor  
Ken Bischoff, Weber County Commissioner  
Brad Dee, Weber County Human Resources Director  
LaMar Guymon, Emery County Sheriff  
Jerry Hess, Davis County Deputy Attorney  
Karla Johnson, Kane County Clerk-Auditor  
Kent Sundberg, Utah County Deputy Attorney  
Steve White, Utah County Commissioner

#### BOARD MEMBERS ABSENT

Bruce Adams, San Juan County Commissioner  
Jim Eardley, Washington County Commissioner  
Wayne Smith, Iron County Commissioner

#### OTHERS PRESENT

Johnnie Miller, UCIP Chief Executive Officer  
Sonya White, UCIP Manager of Administration

#### Call to Order

Lynn Lemon called this meeting of the Utah Counties Insurance Pool Board of Trustees to order at 10:10 a.m. on October 16, 2008.

#### Review of Board Members Absent

Bruce Adams, Jim Eardley and Wayne Smith requested to be excused from this meeting due to a prior commitment. Ken Bischoff made a motion to excuse Bruce, Jim and Wayne from this meeting. Karla Johnson seconded the motion, which passed unanimously.

#### Approval of September 11, 2008 Meeting Minutes

The minutes of the Board of Trustees meeting held September 11, 2008 were previously sent to the Board for review. Steve Wall made a motion to approve the September 11, 2008 meeting minutes as written. Kay Blackwell seconded the motion, which passed unanimously.

#### Review/Approve Amended Board Travel Policy (Reimbursement/Per Diem)

Johnnie Miller explained that based on the current Board Travel Policy, Trustees are paid \$75.00 per diem per day for out-of-state training and travel. It was proposed that per diem be paid at the rate published by the Office of Government Policy General Services Administration (GSA). Otherwise, a 1099-Miscellaneous Income form will need to be issued for the amount over the published rates (see attachment number one). Steve White made a motion to approve the amended Board Travel Policy as presented. Kent Sundberg seconded the motion, which passed unanimously. Excess per diem already paid this year will be considered an advance and either deducted or reimbursed to the Pool.

#### Review/Approve Investment Policy

Lynn Lemon reported that on October 9, the Audit Committee met telephonically to review the Pool Investment Policy and propose the following amendments: 1) policy references to coincide with the Utah Money Management Act; 2) persons authorized to approve investment transactions; and 3) Lehman index replaced with the Utah Public Treasurer's Investment Fund. Steve Wall made a motion to approve the amended Investment Policy as presented (see attachment number two). Ken Bischoff seconded the motion, which passed unanimously.

#### Review/Approve 2009 Premium Contributions (Multiline)

Johnnie Miller provided the Board with a comprehensive analysis of the effect that using surplus to subsidize premium contributions has had on the Pool (see attachment number three). In the past, premium amounts have been capped at a certain percentage without taking into consideration a member's exposure increases. Losses and expenses exceeded written premium in years 2003 through 2005 depleting surplus from \$6 million to \$3 million. Regulators require industry insurers to maintain a two-to-one premium to surplus ratio; most Pool's target a one-to-one premium to surplus ratio.

Property values reported for the 2009 renewal have increased 8.3% and expenditures have increased 5%. Property reinsurance indications are down 1.1% and liability reinsurance indications are up 19.6%. Indications from the Pool's actuaries are to increase property premiums 3.8% and liability premiums 5%. Johnnie explained that by using last years actuarial rating for member exposures, and not applying a cap to any premium increases, the Pool will experience surplus development (see attachment number four). Steve White made a motion to approve the 2009 Multiline premium calculations, based on 2008 rates, as presented. Karla Johnson seconded the motion, which passed unanimously.

Since 2005, Workers' Compensation premium amounts have been capped at a certain percentage without taking into consideration a member's payroll increases and increases in expenses and reinsurance costs. Because premiums have been capped, members have not been paying rates recognized by the industry and indicated by the actuaries, which have distorted the experience modifications factors. Johnnie recommended that members accept premium increases related to payroll, implement a premium discount plan for members paying large premiums (actuarial indications are more accurate the larger the payroll) and implement an experience modification plan that will provide nominal surplus development (see attachment number five). Kay Blackwell made a motion to approve the 2009 Workers' Compensation rates, premium discount plan and experience modification factors as presented. Steve Wall seconded the motion, which passed unanimously.

#### Review/Approve 2009 Tentative Budgets

Johnnie Miller reviewed the tentative 2009 Multiline budget with the Board (see attachment number six). Current year premiums do not pay for prior year losses so the *prior year losses* item is shown as a transfer from reserves. Any policy year gain or loss will be shown as a contribution to fund balance, this meets the budgeting requirements of the State Auditor. As discussed at the September Board meeting, the Lexipol program is shown as a tentative budget item. If the cost of this program is collected through premiums, the Pool will also pay additional reinsurance on that expense. Lexipol will discount the start-up costs for Pool members if at least 20 counties join and agree to pay for three years of upgrades. The Best Practices Program is costing the Pool more than just the return to members. Reinsurance costs on premiums collected and the cost to audit each county adds an additional \$45,000 to the expenses with no correlation between the return and a member's loss ratio. The credit for Best Practices shown in the 2009 budget is for the 2008 program. The Board directed staff to present a new plan for credits to be awarded based on loss history and prevention programs members have in place. The Personnel Committee will be reviewing the benefits schedule for Pool employees including a reduction in health care premiums and a possible change from an HRA plan to a FLEX plan; the Committee will be making a recommendation to the Board at its next meeting. Kent Sundberg made a motion to adopt the tentative Multiline budget as presented, excluding the Lexipol program. Karla Johnson seconded the motion, which passed unanimously.

Johnnie reviewed the tentative 2009 Workers' Compensation budget with the Board (see attachment number seven). The Best Practices Program is costing the Pool more than just the return to members. Reinsurance costs, taxes on premiums collected and the cost to audit each county adds an additional \$18,000 to the expenses with no correlation between the return and a member's loss ratio. The credit for Best Practices shown in the 2009 budget is for the 2008 program. The Board directed staff to present a new plan for credits to be awarded based on loss history and prevention programs in place. Karla Johnson made a motion to adopt the tentative Workers' Compensation budget as presented. Steve Wall seconded the motion, which passed unanimously.

Johnnie reviewed the tentative 2009 Employee Benefits budget (see attachment number eight). Public Employees Health Program (PEHP) has terminated the Pool's contract effective January 1, 2009 and added a 3% increase to counties premiums for brokerage fees. PEHP has confirmed that counties can name the Pool as their broker; revenue would be approximately \$270,000 if all current members name the Pool as their broker. Staff continues to work with the counties on a strategic plan for the future of the Benefits Program. Kay Blackwell made a motion to adopt the tentative Employee Benefits budget as presented. LaMar Guymon seconded the motion, which passed unanimously.



#### Set Date and Time for Closed Meeting

Kay Blackwell made a motion to set the date and time for a closed meeting to discuss the character, professional competence, and/or physical/mental health of an individual for October 16, 2008 at 1:25 p.m. Karla Johnson seconded the motion, which passed unanimously. Board Members present during the closed meeting were: Lynn Lemon, Kay Blackwell, Steve Wall, Bruce Adams, Brad Dee, LaMar Guymon, Jerry Hess, Karla Johnson, Kent Sundberg and Steve White. Also present was: Johnnie Miller.

The regular meeting resumed at 1:35 p.m. on October 16, 2008.

#### Action on Personnel Matters

Karla Johnson made a motion to approve a 2% merit increase (with gratitude for a great job) for Mark Brady effective October 16, 2008. Steve Wall seconded the motion, which passed unanimously.

#### Set Date and Time for Closed Meeting

Steve Wall made a motion to set the date and time for a closed meeting to discuss pending or reasonably imminent litigation for October 16, 2008 at 1:40 p.m. Jerry Hess seconded the motion, which passed unanimously. Board Members present at the closed meeting were: Lynn Lemon, Kay Blackwell, Steve Wall, Bruce Adams, Brad Dee, LaMar Guymon, Jerry Hess, Karla Johnson, Kent Sundberg and Steve White. Others present were: Johnnie Miller and Sonya White.

The regular meeting resumed at 1:45 p.m. on October 16, 2008.

#### Action on Litigation Matters

Kent Sundberg made a motion to strike item ten from the agenda. Karla Johnson seconded the motion, which passed unanimously.

#### Ratification and Approval of Payments and Credit Card Transactions

Steve Wall reviewed the payments made, payments to be made (see attachment number nine) and credit card transactions with the Board. Steve Wall made a motion to approve the payments made, payments to be made and credit card transactions. Karla Johnson seconded the motion, which passed unanimously.

#### Review Third Quarter Financial Statements Summary

Sonya White reviewed the third quarter financial summary with the Board (see attachment number ten). With the year 75% complete all programs are within budgeted amounts. Losses are trending lower than expected and reinsurance monies were collected in the third-quarter for losses exceeding the self-insured retention for policy years 1999 and 2001.

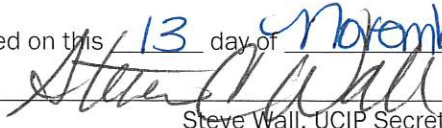
#### Review Benefits Program

Johnnie Miller previously reported on the Benefits Program in the *Review/Approve 2009 Tentative Budget* agenda item.

#### Other Business

The 2008 and 2009 goals of the Board of Trustees and staff will be reviewed at the next meeting.

The next meeting of the Board will be held on November 13, 2008, 6:00 p.m. at the Hilton Garden Inn, St. George. The Coverage Agreement Committee and the Nominating Committee will meet one hour prior to the Board of Trustees meeting.

Approved on this 13 day of November 2008  
  
Steve Wall, UCIP Secretary-Treasurer



## JOINT POLICY BOARD TRAVEL EXPENSES

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Article 5, Section 11, of the UCIP Bylaws states: "To the extent permitted by law, Trustees may be reimbursed for expenses incurred in the performance of their duties, as authorized by the Board."

### **BOARD TRAVEL EXPENSES**

Members of the UCIP Board of Trustees (Board) will be reimbursed for reasonable and approved expenses incurred in attending Board meetings and in otherwise carrying out their responsibilities. UCIP will reimburse Trustees for travel by private vehicle at the rate currently allowed by the Internal Revenue Service, as well as for lodging and meals at actual cost, within the guidelines for travel and expense reimbursement adopted by the State of Utah Department of Finance.

Trustees who miss more than one-third of a meeting or retreat must be excused by the Board of Trustees in order to be reimbursed for expenses.

Trustees may annually attend two of the following out-of-state trainings: the AGRIP Spring Conference, RIMS Annual Convention, RIMS Technical Workshops, PRIMA National Conference, AGRIP Fall Governance Conference and the ARM Tech Biennial Conference. UCIP will directly pay training registration, airfare and lodging for the dates of the training and up to two travel days for Trustees arranging travel through the UCIP office. Trustees will be paid \$75.00 per diem for out-of-state meals and incidental expenses for each day of the training and travel day(s) pursuant to the rates published by the Office of Government Policy, General Services Administration.

Trustees will also be compensated for necessary transportation expenses between the airport and lodging. Receipts for airfare, lodging and necessary transportation, paid by the Trustee, are required for reimbursement. Reimbursement is made based on the least expensive method of travel. A written statement by the Trustee will be required in place of a lost receipt. The Board may also by resolution designate other training as appropriate and reimbursable for Trustees.

Expenses for spouses who accompany Trustees to UCIP meetings or to approved out-of-state training are the responsibility of the Trustee. UCIP will invoice Trustees for any spouse expenses paid by UCIP.

### **TIMELINESS**

Requests for reimbursement shall be submitted within 60 days of completion of trip.





## MEMORANDUM

**To: UCIP Board of Trustees**

**From: Johnnie Miller**

**Date: October 14, 2008**

**Re: Investment Policy Revisions**

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The UCIP Audit Committee is charged with annually reviewing the UCIP Investment Policy and making recommendations for any revisions to the Board of Trustees. The Audit Committee met via telephone conference on Thursday October 9, 2008 to review revisions to the Investment Policy recommended by staff.

Audit Committee agreed to recommend the following revisions to the Investment Policy for Board approval:

- Revise references and terminology throughout the policy to coincide with the Money Management Act, which is the primary controlling law for this policy.
- Revise the listing of persons authorized to approve investment transactions to include the UCIP Secretary/Treasurer. The policy as drafted would require two authorized persons to approve each transaction in writing. Those authorized to approve include the CEO or Manager of Administration and the Board Chair, Board Vice Chair, or UCIP Secretary/Treasurer.
- Replace the Lehman index as the performance benchmark with the Utah Public Treasurer's Investment Fund (PTIF). Considering the limitations of the Money Management Act on investments UCIP can make, the PTIF is a more justifiable benchmark to use.

Considering the Lehman index no longer exists, the Audit Committee and staff recommend the adoption of the revised Investment Policy.

JRM/jrm







Utah Counties Insurance Pool  
*Serving Counties Since 1992*

## **INVESTMENT POLICY**

## UTAH COUNTIES INSURANCE POOL INVESTMENT POLICY

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### I. POLICY

It is the policy of the Utah Counties Insurance Pool ("UCIP") to invest its funds in a manner which will provide the highest investment return with the maximum security while meeting the daily cash flow demands of UCIP and conforming to all state and local statutes governing the investment of public funds.

### II. SCOPE

This investment policy is created and maintained by the Audit Committee of UCIP and applies to all financial assets of UCIP.

These funds are accounted for in the Annual Financial Report of UCIP.

### III. PRUDENCE

Investments shall be made with judgment and care, under the circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived.

- A. The standard of prudence to be used by investment officials shall be the "prudent person" standard and shall be applied in the context of managing an overall portfolio. Investment officers acting in accordance with written procedures and the investment policy and exercising due diligence shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided deviations from expectations are reported in a timely fashion and appropriate action is taken to control adverse developments.
- B. Prohibited practices shall include, but not be exclusive to churning, unnecessary transactions and rebating.

### IV. OBJECTIVE

- A. **Safety:** Safety of principal is the foremost objective of the investment program. Investments shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. To attain this objective, diversification will be utilized so potential losses on individual securities do not exceed the income generated from the remainder of the portfolio.

- B. **Liquidity:** The investment portfolio will remain sufficiently liquid to enable UCIP to meet all operating requirements which might reasonably be anticipated and documented in the annual Board approved Operating Budget.
- C. **Return on Investments:** The investment portfolio shall be designed with the objective of attaining a rate of return throughout budgetary and economic cycles, commensurate with the investment risk constraints and the cash flow characteristics of the portfolio.

#### V. DELEGATION OF AUTHORITY

- A. Authority to manage the investment program is derived from the Bylaws of UCIP. The Audit Committee is charged with making recommendations to the Board on the financial affairs of UCIP and may designate appropriate staff to develop written procedures for the operation of the investment program consistent with this investment policy. Procedures will include reference to:
  - 1. Safekeeping;
  - 2. PSA Repurchase Agreements;
  - 3. Wire Transfer Agreements;
  - 4. Banking Service Contracts, including the establishment of a Custodial Bank Agreement;
  - 5. Collateral/Depository Agreements; and
  - 6. Investment Advisor Selection and Evaluation.
- B. It is the responsibility of the members of the Audit Committee to report to the Board all decisions and action taken by the Audit Committee.
- C. No person may engage in an investment transaction except as provided under the terms of this policy and the procedures established by the Audit Committee. The Manager of Administration, under the supervision of the Chief Executive Officer, shall be responsible for daily financial transactions.

More specifically, no funds shall be transferred out of or between the separate accounts at any time, for any reason, without the signature, to approve the transfers, of either the UCIP Manager of Administration or the UCIP Chief Executive Officer, and one of the following, the UCIP President, the UCIP Vice President or the UCIP Secretary-Treasurer of the Board of Trustees. The authorization of the Board of Trustees officer may be via electronic mail or fax transmittal.

All transfers will be submitted for ratification to the Board of Trustees at the next Board meeting.

- D. The Audit Committee may choose to select an Investment Advisor to manage the investment assets. Those assets would include funds not required by cash flow projections to meet the immediate needs of UCIP. In the event that the Audit Committee decides to select an Investment Advisor, such selection will be made through a formal Request for Qualifications/Request for Proposal process. Investment Advisors must be certified by the Utah Money Management Council.

The Investment Advisor would be charged with the following responsibilities:

1. Adopting an investment philosophy which is compatible with the policies of UCIP as set forth in Section I above;
2. Selecting appropriate investment instruments to implement the designated philosophy;
3. Selecting Broker/dealers for the purpose of executing investment trades, who meet the requirements set forth in Section VII below;
4. Executing trades at market prices most advantageous to UCIP;
5. Reporting on a regular basis to the Audit Committee on the performance of assets under management as set forth in Section XIV below;
6. Reporting to the Audit Committee in a timely manner, any material changes in the financial or staffing conditions of the management firm.

## **VI. ETHICS AND CONFLICTS OF INTEREST**

Officers and employees involved in the investment process shall refrain from personal business activity that could conflict with proper execution of the investment program, or which could impair their ability to make impartial investment decisions. Employees and investment officials shall disclose to the Audit Committee, any material financial interests in financial institutions that conduct business within this jurisdiction, and they shall further disclose any large personal financial/investment positions that could be related to the performance of the funds, particularly with regard to the time of purchases and sales.

## **VII. AUTHORIZED FINANCIAL DEALERS AND INSTITUTIONS:**

The Investment Advisor shall maintain a list of financial institutions desiring and authorized to provide investment services. In addition, a list will also be maintained of approved security broker/dealers selected by credit worthiness who are authorized to provide investment services in the State of Utah. Broker/dealers must be certified by the Utah Money Management Council. Funds shall be deposited only in a qualified public depository as certified by the Utah Money Management Council.

**VIII. AUTHORIZED AND SUITABLE INVESTMENTS:**

UCIP has resolved that its investments shall be limited to those securities authorized by Section 51-7-11, Utah Code Annotated, 1953 as amended, as that Section pertains to the investment of public funds.

**IX. COLLATERALIZATION**

Collateralization will be required on two types of investments: certificates of deposit and repurchase agreements and will also be required on checking accounts if there is a balance of over \$100,000 therein. In order to anticipate market changes and provide a level of security for all funds, the collateralization level will be one hundred two (102) percent of market value of principal and accrued interest. State law rules for collateralization will be adhered to. Collateral will always be held by an independent third party with whom the entity has a current custodial agreement. A clearly marked evidence of ownership (safekeeping receipt) must be supplied to the entity and retained.

**X. SAFEKEEPING AND CUSTODY**

All security transactions, including collateral for repurchase agreements, entered into by UCIP shall be conducted on a delivery-versus-payment (DVP) basis. Securities shall be held by a third - party custodian designated by the Audit Committee and evidenced by safekeeping receipts.

**XI. DIVERSIFICATION**

UCIP will diversify its investments by security type and institution to the degree that such diversification is permitted. Investments in commercial paper, corporate bonds and asset-backed obligations shall not exceed 20 percent of the total assets of UCIP's investments.

**XII. MAXIMUM MATURITIES**

To the extent possible, UCIP will attempt to match its investments with anticipated cash flow requirements as determined by the Audit Committee. For funds not specifically matched to cash flow, UCIP will invest in securities not exceeding the terms to maturity as set out in Section 51-7-11 Utah Code Annotated, 1953 as amended.

**XIII. PERFORMANCE STANDARDS**

The investment portfolio shall be designed with the objective of obtaining a rate of return throughout budgetary and economic cycles, commensurate with the investment risk constraints and the cash flow needs of UCIP.

**Market Yield (Benchmark):** UCIP's investment strategy is restricted by Section 51-7-11, Utah Code Annotated, 1953 as amended. Given this limitation to investment strategy, the basis used by the Audit Committee to determine whether market yields are being achieved shall be the Utah Public Treasurers Investment Fund or other appropriate index as designated annually by the Audit Committee.

#### **XIV. REPORTING**

The UCIP Manager of Administration is charged with the responsibility of providing a market report on investment activity and returns on a regular basis to the Board of Trustees and to the Audit Committee on an annual basis. Reports to the Audit Committee will include, but not be limited to:

1. Performance;
2. Volatility (as measured by effective duration);
3. Interest earnings;
4. Number of trades;
5. Average maturity;
6. Market sector breakdown.

#### **XV. INVESTMENT POLICY ADOPTION**

This investment policy shall be adopted by resolution of the Board of Trustees. The policy shall be reviewed by the Audit Committee annually and any modifications made thereto must be submitted for adoption by the Board of Trustees.

**UTAH PUBLIC TREASURERS INVESTMENT FUND**  
**QUARTERLY UPDATE**  
**September 30, 2008**

September 2008 will most likely go down in history as the month that saw the reshaping of Wall Street and the financial markets. As the Bush Administration continues to work out measures to stem the worst financial crisis since the Great Depression and restore confidence in financial institutions, the global financial system and the economy remain paralyzed. The following events have changed the complexion of Wall Street:

- 9/07/08 - Conservatorship of Fannie Mae and Freddie Mac
- 9/15/08 - Bankruptcy of Lehman Brothers Holdings Inc.
- 9/15/08 - Merrill Lynch acquired by Bank of America
- 9/16/08 - American Int'l Group, Inc. receives emergency loan by the Federal Reserve
- 9/22/08 - The Fed agreed to convert Morgan Stanley and Goldman Sachs from investment banks to traditional banks
- 9/25/08 - FDIC regulators seized Washington Mutual and sold it to JPMorgan Chase for \$1.9 billion
- 9/29/08 - FDIC negotiated sale of Wachovia Bank to Citibank
- 9/29/08 - Congress failed to pass \$700 billion rescue package, the Dow drops over 700 points, losing over \$1.2 trillion

The deleveraging of Wall Street in an orderly manner is essential to restoring confidence in global markets. The rescue plan will help banks replenish their capital and provided liquidity to allow banks to begin lending again. The plan as presented is not perfect, and will not, overnight, resolve the credit crunch that has plagued the markets since late 2007, but without it, markets will remain frozen and the impact will be felt on Main Street.

**IMPACT OF RECENT EVENTS ON PTIF**

The PTIF has billions of dollars of high quality, investment grade securities maturing on a regular basis to fund day-to-day operating expenses. However, due to the lack of liquidity in financial markets, if the need arose to liquidate an investment prior to maturity, *assuming a buyer could be found*, a substantial loss would be realized. Every sector of the of the corporate market has felt the impact of the credit crisis...household names such as General Electric, IBM, Hewlett Packard, and Procter and Gamble are priced at interest rate levels that were unthinkable just a few days ago. Financial names are priced at interest rate levels that well exceed those in the industrial sector. But even at these high interest rate levels, investors are holding on to cash and not buying securities.

As with any large pool of money, exposure to names in the daily news should be expected, good or bad. The portfolio is reviewed daily and appropriate action will be taken in response to what impact any defaults, mergers, etc. would have on the portfolio. Any loss will be allocated fairly to pool participants. Recent events will have a negative impact on the value of most securities in the portfolio and will be reflected when the portfolio is priced December 31, 2008. PTIF staff remains committed to providing a well diversified, high-quality investment pool in these unprecedented and challenging times.

**PTIF LIQUIDITY**

For the past year, the PTIF has reduced its exposure to bank/finance related names, with the exception of local banks on the approved, qualified depository list. We continue to increase short term liquidity and to increase positions in Government Money Market Funds. As would be expected, the return on this type of

investment is substantially less than other overnight investment options, and will have an impact on the overall yield of the PTIF. The following table shows the amounts maturing for the next three months.

Month	Maturities	Percent
October	\$1,245,256,000	13%
November	895,659,000	9%
December	408,400,00	4%
Total	\$2,549,315,000	26%

We anticipate having even greater liquidity as property tax receipts are deposited into the pool starting in November. Our focus is on funding *regular* daily operating needs for all pool participants until the markets stabilize. Large, extraordinary withdrawals will be reviewed on a case by case basis until liquidity returns to the markets. We will not jeopardize the investment of all pool participants to accommodate the extraordinary requests of one treasurer.

#### **PTIF INSURANCE**

Recently, the question was asked if the PTIF is insured. The answer is no, it never has been. Although securities must meet the investment criteria of the Money Management Act, and the portfolio is reviewed by the Money Management Council, with the exception of Treasury and Agency securities, securities authorized under the Money Management Act offer no guarantees. Also, CD's are only insured up to \$100,000.00 as per FDIC guidelines. The latest proposal from Congress temporarily raises the limit to \$250,000. If there are questions or concerns regarding current events, please don't hesitate to contact us.

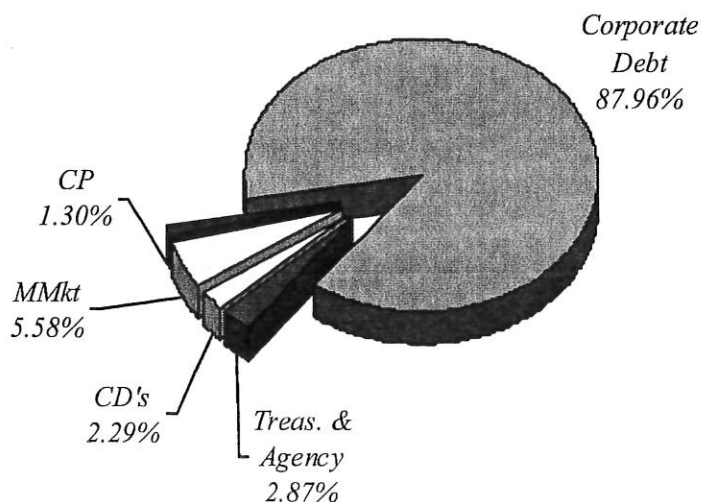
#### **QUARTERLY STATISTICS**

Currently, the PTIF has an average adjusted maturity of 62 days. Approximately 33% of the securities mature or reprice within 30 days, with 94% of the securities maturing or repricing within 90 days. The current portfolio yield on an actual/360 day year is 2.853%. This equates to a 365-day Money Market Mutual Fund yield of approximately 2.892%.

Sincerely,

*Edward T. Alter*

Edward T. Alter  
State Treasurer







Utah Counties Insurance Pool  
*Serving Counties Since 1992*

Board of Trustees Meeting  
October 16, 2008

## Board Travel Per Diem

- Rate of \$75/day is above Federal Maximum
- Federal Schedule of M&I Per Diems for each City
- Any amount above Federal Maximum must be reported by UCIP as taxable income
- Board members would need to receive tax statements from UCIP
- Recommend adopting revised Board Travel Per Diem Policy (Similar change to be made to staff policy)



## Investment Policy Revisions

- Revised references throughout policy to coincide with Money Management Act.
- Added UCIP Treasurer to those authorized to approve transactions.
- Substituted Public Treasurer's Investment Fund (PTIF) as performance benchmark.
- Reviewed by Audit Committee on 10-9, and have recommendation to adopt changes.



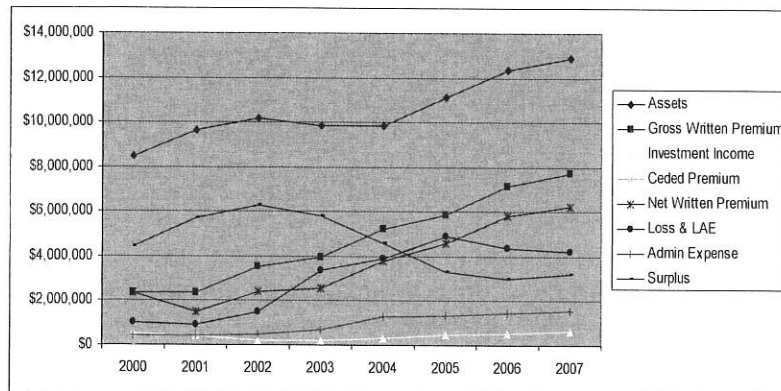
## Investment Report

- Most UBS and Wachovia securities have been disposed of. 3 Auction Rate Securities totaling \$1.7mm remain with UBS.
- All other invested assets currently placed with PTIF, earning 2.89%.
- Review of historical returns to analyze if use of broker/advisor is cost effective.
- Comfort level of having all investments in PTIF.

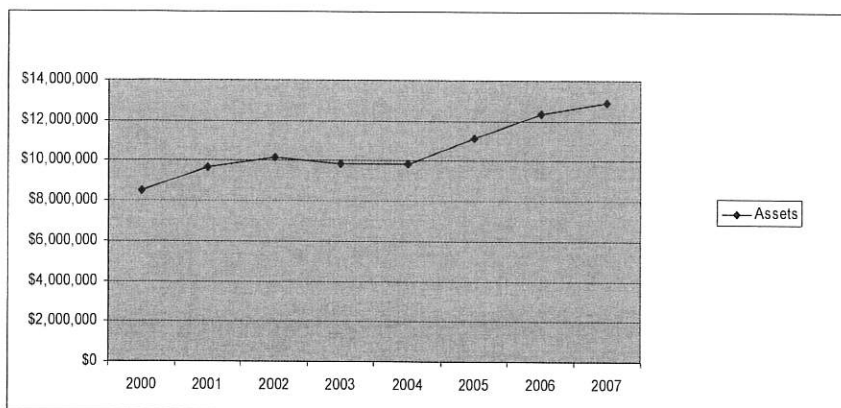




# UCIP Surplus History

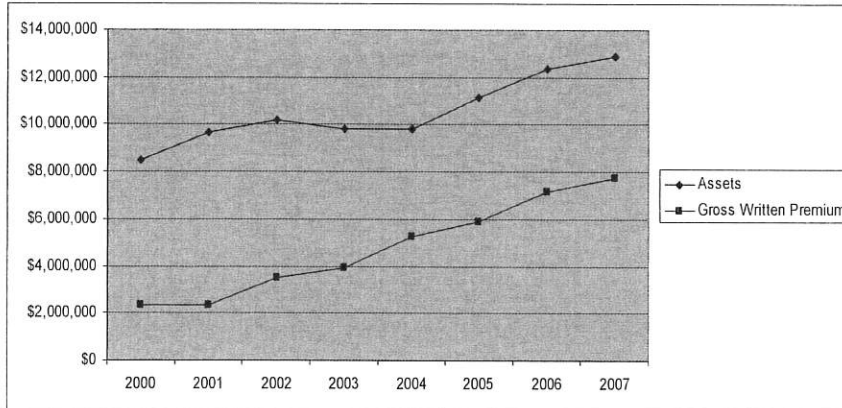


## Assets

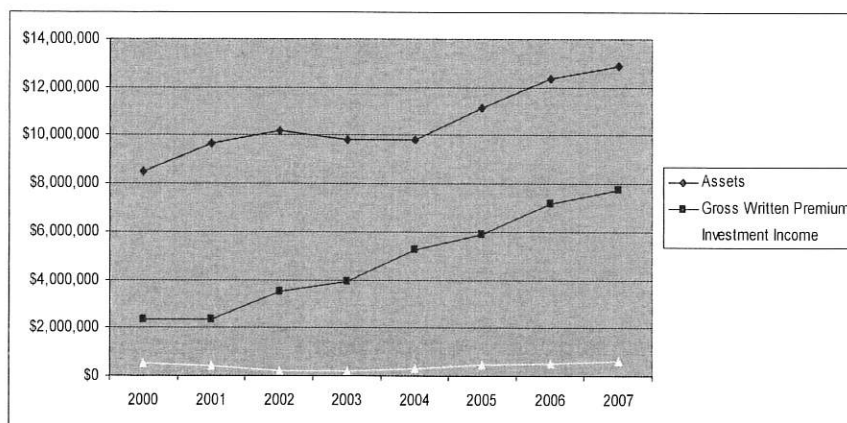




## Gross Written Premium



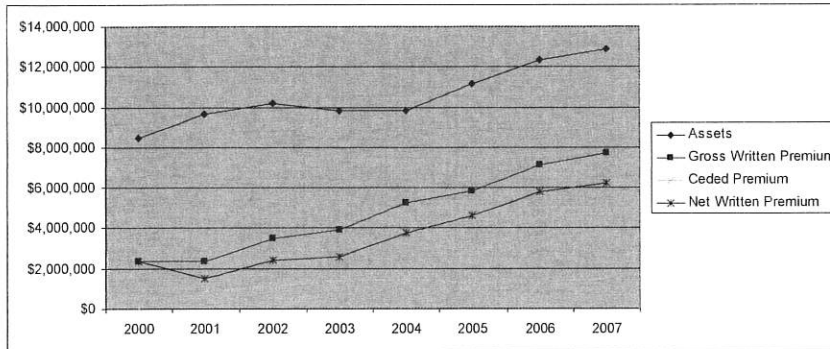
## Investment Income



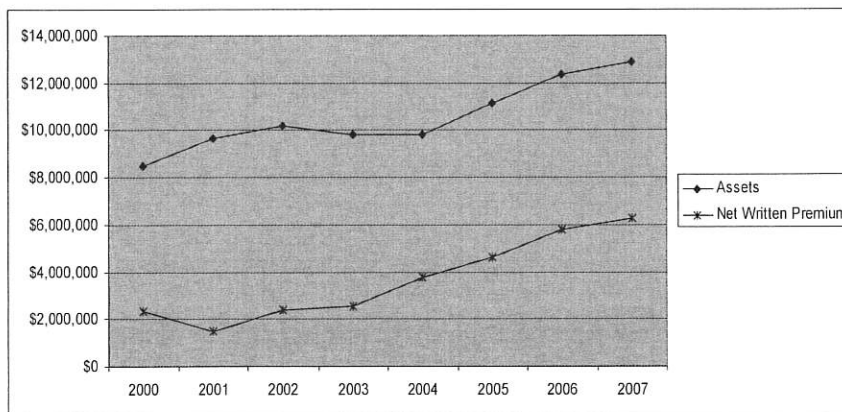




## Ceded Premium

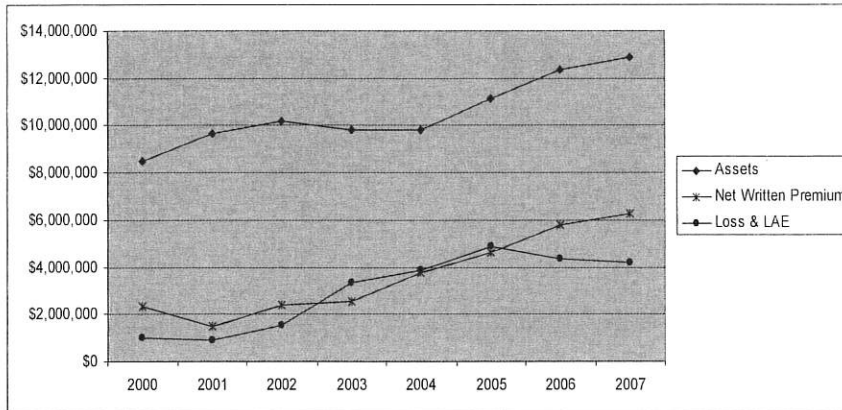


## Net Written Premium

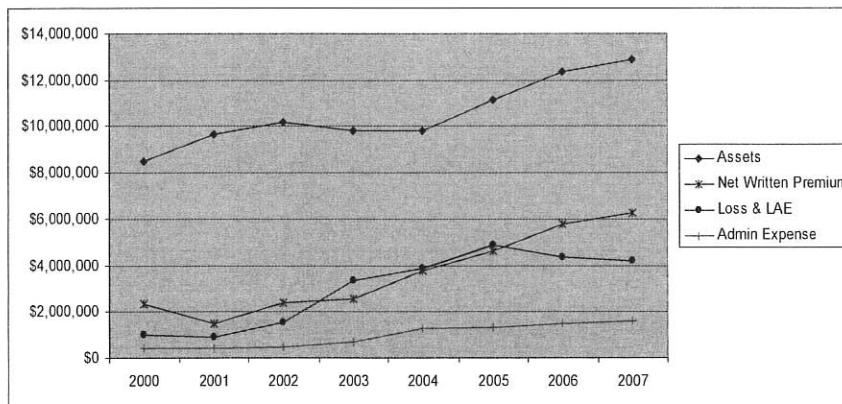




# Losses

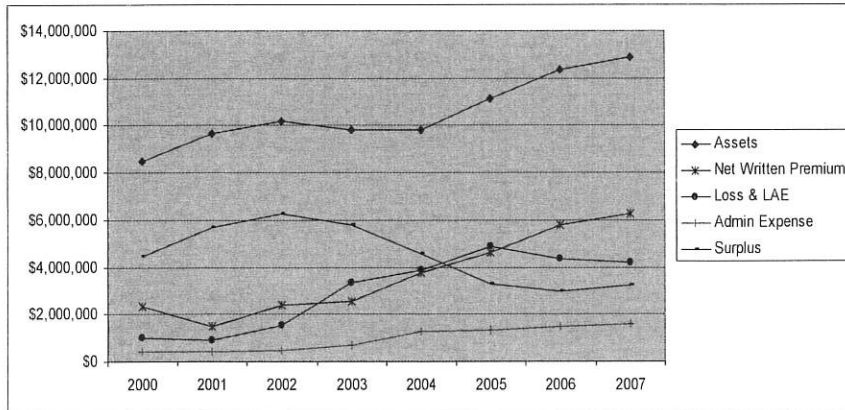


# Expense

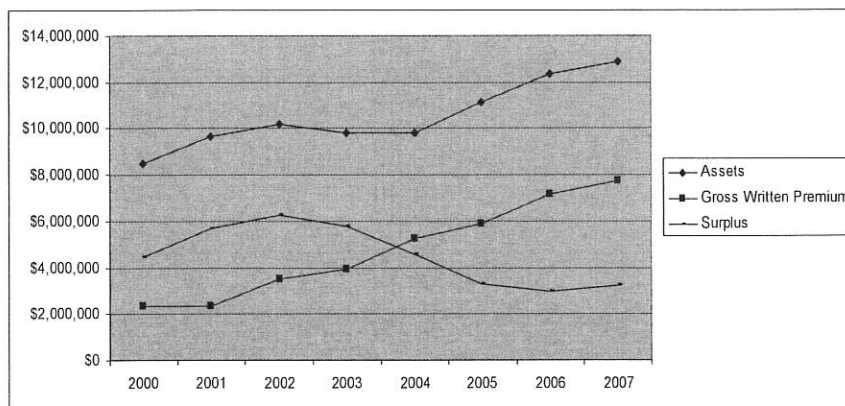




## Surplus

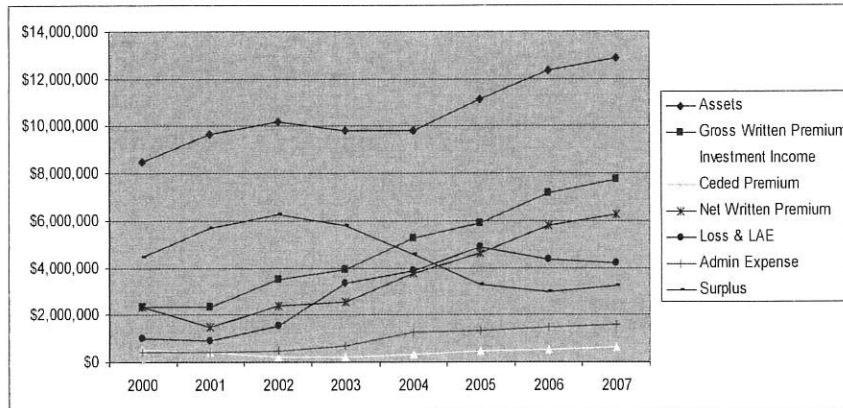


## Leverage Ratio





## UCIP Surplus History



## 2009 Draft Budget Report

- By Line of Coverage Budgets.
- Expenses charged to each LOC.
- Transfer to/from Reserves for Future/Prior Claims.
- Transfer to/from Surplus Reserves to Balance Budget.
- Target transfer to Surplus Reserves of at least Investment Income amount to rebuild Surplus.







## 2009 Draft Budget Report

- Premiums based on rate recommendation
- Ceded Premium based on CRL estimate
- Losses estimated by Actuary
- Admin Expense estimate based on current actual & known changes
- Investment Income estimate based on 3% rate of return

## Property Rate Report

- Initial indication from actuary is:
  - +3.8% increase to property premium
    - 8.3% increase in Values
    - -14.6% change in Admin Cost (Reallocation)
    - -1.1% change in Reinsurance Cost
  - Total Loss & Expense Indication = \$1,810,000
  - Actual Rate Decrease of \$0.005 or -4.26%





## Property Rate Recommendation

- Recommend 0% rate change.
- Recommended Premium = \$1,887,024
- Surplus Development = \$77,024 or 4%

## Liability Rate Report

- Initial Actuarial recommendation is +2.8% change to liability premium
  - +5% change in exposure
  - +10.5% change in admin costs (LEXIPOL)
  - +19.6% change in reinsurance costs
- Recommended Premium = \$3,970,000
- Actual GL Rate Decrease of 0.5%
- Actual Auto Rate Decrease of 6%



## Liability Rate Recommendation

- 0% General Liability Rate Change
- 0% Auto Liability Rate Change
- Total Liability Premium = \$4,057,812
- Surplus Development = \$87,812 or 2%

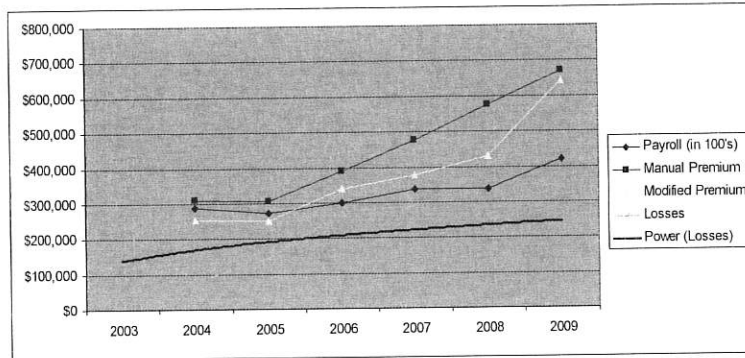
## Workers Comp Rate Report

- Initial indication from actuary is 6.5% overall premium increase.
- Significant drivers of increase are:
  - Payroll - -4.16%
  - Admin costs - +161% (Reallocation from Multi-Line)
  - Reinsurance – +35.4%
- Actual Rate Increase = \$0.15 or 11.4%



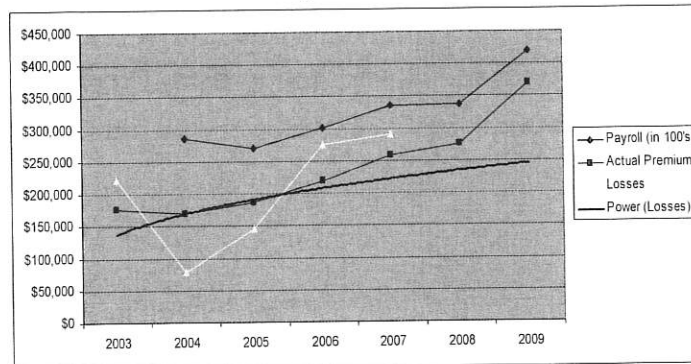


## Utah County Actuarial Trends



	2004	2005	2006	2007	2008	2009
Experience Mod	.82	.82	.87	.79	.75	.96
Loss Ratio (<.60)	.31	.58	.81	.77		
3Year Loss Ratio					.59	.74

## Utah County Actual Trends



	2004	2005	2006	2007	2008	2009
Experience Mod	.82	.82	.87	1.11	1.15	1.24
Loss Ratio (<.60)	.47	.77	1.26	1.13		
3Year Loss Ratio				.84	.87	1.07





## WC Recommendations

- Members accept increases related to payroll
- Consider reduction of admin costs
- Consider changes to Best Practices Program
- Implement Premium Discount Plan:
  - 0-100,000 = 0%
  - 100,001-250,000 = 2.5%
  - 250,001-500,000 = 7.5%
  - >500,001 = 10.0%
- Consider change to experience modification plan to limit large changes from year to year.

## WC Rate Recommendation

- 18% WC Rate Change = \$0.25 per \$100
- Approve Premium Discount Plan
- Total WC Premium = \$3,728,653
- Surplus Development = \$213,436 or 6%



## Reimbursement Program Report

- Liability Best Practices Program.
- Work Comp Best Practices Program.
- Law Enforcement Reimbursement Program (CALEA / LEXIPOL).



## Liability Best Practices Program

- \$204,419 Returned in 2008
- Tax & Reinsurance = \$44,972
- Cost to Audit = \$5,253
- Total Cost of Program = \$249,391
- No correlation Between Return & Loss Ratio



## WC Best Practices Program

- \$76,790 Returned in 2008
- Tax & Reinsurance = \$17,729
- Cost to Audit = \$5,253
- Total Cost of Program = \$94,519
- No Correlation Between Return & Mod

## Law Enforcement Reimbursement Program

- 2009 Reimbursement Estimate = \$97,818
- Total Reimbursement of \$188,650
- 2009 Rates include \$92,000
- 2010 Rates will need to include Balance
- Total collected as Contribution will need to include Tax and Reinsurance
- If no discount from LEXIPOL, we only add to cost



## UCIP EE Benefits Recommendations

- Medical – Change to Advantage Option 2 with Pharmacy Benefit 2
  - \$20,295 Savings
- Dental - Change to Guardian
  - \$355 Increase, but creates UCIP income
- Optical – Stay with Opticare
- Pre Tax Plan – Change to Flex Plan
  - \$33.00 per employee per year cost
  - Currently contributing \$200 per family member per year

## PEHP Rate Report

- PEHP cancelled meeting with UCIP to review rates prior to renewal.
- PEHP terminated contract with UCIP.
- Average rate change = 0%
- Rate changes range from +1.75% to -2%
- PEHP notified brokers of new broker compensation program @ 3%.
- PEHP will recognize UCIP as broker.







## UCIP Meeting Schedule

- AGRIP Conference Oct. 27-29 (New Orleans)
- Litigation Committee Nov. 5 (Provo)
- UAC Conference Nov. 12-14 (St. George)
- Nominating Committee Nov. 12 (St. George)
- Personnel Committee Nov. 12 (St. George)
- Board Meeting Nov. 13 (St. George)
- Membership Meeting Dec. 4 (Thanksgiving Point)
- Board Meeting Dec. 11 (Richfield)





# 2009 MULTILINE PREMIUM CALCULATION

COUNTY	INSURABLE VALUE	NUMBER of VEHICLES	EXPENDITURES
Beaver	24,988,026	59	8,841,541
Box Elder	36,569,232	247	27,020,897
Cache	55,552,806	256	21,806,678
Carbon	70,399,891	150	24,720,263
Daggett	12,955,029	47	4,929,686
Davis	188,577,782	222	75,080,420
Duchesne	40,286,088	127	7,211,502
Emery	45,777,632	145	10,818,905
Garfield	18,070,895	95	11,546,733
Grand	28,932,956	103	10,082,056
Iron	45,052,734	192	34,940,296
Juab	25,728,135	129	10,893,135
Kane	14,173,360	98	9,370,217
Millard	47,225,783	150	20,199,385
Morgan	16,134,326	54	5,267,407
Piute	5,142,244	27	1,648,070
Rich	5,902,733	42	3,608,819
San Juan	37,654,657	246	19,010,886
Sanpete	24,954,328	82	7,862,709
Sevier	31,058,699	122	15,445,988
Tooele	89,397,049	267	30,930,658
Uintah	86,555,517	155	39,978,600
Utah	161,312,020	305	81,714,152
Wasatch	69,560,188	176	25,938,691
Washington	134,977,904	214	43,589,850
Wayne	6,975,666	65	4,320,698
Weber	251,232,500	343	68,010,377
UCIP	232,000	1	987,000
Bear River HD	9,609,054	27	8,170,006
Central HD	4,605,519	8	3,270,535
Southeastern HD	1,399,697	7	3,274,516
Southwest HD	8,487,792	12	5,133,743
Tooele HD	3,837,260	14	3,202,088
TriCounty HD	821,000	9	2,805,375
Wasatch HD	690,914	8	1,845,203
Weber-Morgan HD	8,437,101	25	5,562,005
TOTALS	1,613,268,517	4,229	659,039,090

PROPERTY RATES	AUTO RATES	LIABILITY RATES	2009 CONTRIBUTION	BEST PRACTICES
29,228	16,933	38,156	84,317	970
42,775	70,887	116,610	230,272	10,477
64,980	73,470	94,108	232,558	10,116
82,346	43,049	106,682	232,077	11,604
15,153	13,489	21,274	49,916	0
220,578	63,713	324,013	608,303	28,286
47,122	36,448	31,122	114,692	0
53,546	41,614	46,690	141,849	6,525
21,137	27,264	49,831	98,232	0
33,843	29,560	43,510	106,913	3,849
52,698	55,103	150,787	258,587	6,723
30,094	37,022	47,010	114,126	0
16,578	28,125	40,438	85,141	2,554
55,240	43,049	87,171	185,460	6,955
18,872	15,498	22,732	57,102	0
6,015	7,749	7,112	20,876	0
6,904	12,054	15,574	34,532	0
44,044	70,600	82,042	196,687	9,834
29,189	23,533	33,932	86,654	0
36,329	35,013	66,658	138,000	6,279
104,567	76,627	133,483	314,677	12,744
101,243	44,484	172,530	318,257	12,571
188,685	87,533	352,642	628,860	31,443
81,364	50,511	111,940	243,814	11,215
157,882	61,417	188,114	407,413	20,371
8,159	18,655	18,646	45,460	0
293,864	98,439	293,502	685,805	34,290
271	287	4,259	4,818	
11,240	7,749	35,258	54,247	
5,387	2,296	14,114	21,797	
1,637	2,009	14,131	17,778	
9,928	3,444	22,155	35,527	
4,488	4,018	13,819	22,325	
960	2,583	12,107	15,650	
808	2,296	7,963	11,067	
9,869	7,175	24,003	41,047	
1,887,024	1,213,695	2,844,117	5,944,836	226,808

2008 CONTRIBUTION	PERCENT INCREASE
79,230	5%
202,332	9%
237,602	-6%
175,477	26%
52,848	-6%
479,275	21%
133,055	-14%
176,353	-23%
78,104	26%
117,104	-12%
199,899	26%
119,658	-5%
92,237	-10%
175,730	2%
57,555	-1%
28,978	-28%
49,344	-30%
166,875	12%
73,758	17%
109,394	20%
261,569	15%
251,256	22%
556,759	7%
235,370	-1%
300,892	29%
48,091	-5%
549,490	19%
7,088	-32%
25,050	117%
15,057	45%
16,028	11%
20,813	71%
8,648	158%
11,116	41%
5,387	105%
20,304	102%
5,137,727	11%



# 2009 WORKERS' COMP PREMIUM CALCULATION

	2008			2009						
	Exp Mod	Best Practices	Premium	Exp Mod	Standard Premium	Premium Discount	Discounted Premium	Best Practices	Credited Premium	Percent Increase
Cache	1.00	6,244	144,207	1.02	222,168	2.5%	216,614	8,989	207,624	44%
Carbon	1.04	7,718	146,646	0.86	123,737	2.5%	120,643	6,032	114,611	-22%
Daggett	0.80	0	33,991	0.66	26,166	0.0%	26,166	0	26,166	-23%
Duchesne	0.84	0	80,063	0.76	56,203	0.0%	56,203	0	56,203	-30%
Garfield	0.94	0	41,583	0.96	48,659	0.0%	48,659	0	48,659	17%
Grand	0.92	1,110	50,509	1.12	79,029	0.0%	79,029	1,699	77,330	53%
Iron	0.94	3,148	111,335	1.18	210,049	2.5%	204,798	5,632	199,166	79%
Juab	1.28	0	34,786	1.53	56,636	0.0%	56,636	0	56,636	63%
Kane	0.85	0	40,139	1.50	93,627	0.0%	93,627	0	93,627	133%
Millard	0.93	0	119,078	1.04	108,049	2.5%	105,348	0	105,348	-12%
Morgan	0.92	0	30,292	1.38	61,723	0.0%	61,723	0	61,723	104%
Piute	0.84	0	8,684	0.88	7,645	0.0%	7,645	0	7,645	-12%
Rich	1.48	0	15,188	1.24	23,992	0.0%	23,992	0	23,992	58%
San Juan	0.89	4,046	76,877	1.03	72,907	0.0%	72,907	3,645	69,262	-10%
Sanpete	1.09	0	36,320	0.90	26,121	0.0%	26,121	0	26,121	-28%
Sevier	1.04	687	40,957	1.13	87,028	0.0%	87,028	1,436	85,593	109%
Summit	0.77	0	122,970	1.10	268,695	2.5%	261,978	0	261,978	113%
Tooele	0.77	4,671	141,300	1.12	283,210	2.5%	276,129	8,836	267,293	89%
Uintah	1.30	2,076	151,696	1.50	205,611	2.5%	200,470	2,706	197,764	30%
Utah	0.75	13,815	262,476	1.24	829,653	10.0%	746,688	37,334	709,353	170%
Wasatch	0.87	5,318	118,350	1.24	131,812	2.5%	128,517	5,526	122,991	4%
Washington	0.61	6,267	119,070	0.93	332,739	7.5%	307,784	15,389	292,394	146%
Wayne	1.17	0	8,906	1.31	19,350	0.0%	19,350	0	19,350	117%
Weber	0.69	21,690	412,118	0.85	531,594	10.0%	478,435	23,922	454,513	10%
UCIP	0.98		575	0.99	1,084	0.0%	1,084	0	1,084	89%
Bear River Health	1.35		31,759	0.85	17,734	0.0%	17,734	0	17,734	-44%
Wasatch Mental Health	0.80		62,506	1.45	124,494	0.0%	124,494	0	124,494	99%
Total		76,790	2,442,381		4,049,715		3,849,801	121,148	3,728,653	53%



	Approved 2008	Actual as of 9/30/08	Expected as of 12/31/08	Tentative 2009	Variance 2009
<b>REVENUE</b>					
Premiums Written	5,151,002	5,151,002	5,151,002	5,944,836	793,834
Loss Control Premium Credit	(202,919)	(202,919)	(202,919)	(227,000)	(24,081)
Investment Income	552,000	374,949	499,932	378,400	(173,600)
Bonds	1,675,000	0	0	0	(1,675,000)
<b>TOTAL REVENUE</b>	<b>7,175,083</b>	<b>4,948,083</b>	<b>5,448,015</b>	<b>6,096,236</b>	<b>(1,078,847)</b>
<b>LOSSES AND LOSS EXPENSES</b>					
Current Year Losses	699,500	768,351	1,024,468	1,080,814	381,314
Reinsurance	895,137	1,118,288	1,118,288	1,200,000	304,863
<b>TOTAL LOSS EXPENSES</b>	<b>1,594,637</b>	<b>1,886,639</b>	<b>2,142,756</b>	<b>2,280,814</b>	<b>686,177</b>
<b>ADMINISTRATION EXPENSES</b>					
Accounting	10,500	11,096	11,096	10,500	0
Actuarial Analysis	8,500	4,250	8,500	10,000	1,500
Automobile	10,000	4,009	5,345	0	(10,000)
Bank Charges	150	93	124	150	0
Board Expense	37,500	20,432	37,500	37,500	0
Building	1,675,000	3,677	0	0	(1,675,000)
Building Debt Service	31,000	0	0	0	(31,000)
Building Lease	35,000	23,334	31,112	64,750	29,750
Copying Costs	3,250	2,571	3,427	3,500	250
Depreciation	75,000	36,414	48,552	50,000	(25,000)
Dues & Subscriptions	3,250	2,915	2,915	3,250	0
Exhibiting & Sponsorship	5,000	2,170	4,170	5,000	0
Fees & Licensing	500	79	85	500	0
Incentives	2,500	3,528	3,528	2,500	0
Information Technology	20,000	8,187	10,915	20,000	0
Land Use Hotline Program	10,000	399	532	10,000	0
Law Enforcement Lexipol	0	0	0	92,000	92,000
Lobbying & Legislative Tracking	5,000	710	5,000	5,000	0
Loss Control & Training	35,000	21,834	35,000	35,000	0
Member Property Appraisals	30,000	0	30,000	30,000	0
Office Equipment	3,500	1,718	2,290	34,500	31,000
Office Insurance	4,000	3,833	3,833	4,400	400
Office Supplies	3,750	2,208	2,943	3,800	50
Policy Placement	25,000	25,000	25,000	25,000	0
Postage	2,500	1,665	2,220	2,500	0
Printing	2,500	1,094	1,459	2,500	0
Professional Fees	32,500	6,053	8,070	32,500	0
Staff Expenses	30,000	16,849	22,465	40,000	10,000
Staff Medical, Dental, Vision	65,000	56,106	74,808	49,000	(16,000)
Staff Medical HRA	3,800	2,560	3,414	3,800	0
Staff Medical Long Term Disability	1,600	1,081	1,442	1,850	250
Staff Payroll Liabilities	25,000	16,777	22,370	26,500	1,500
Staff Retirement	75,500	49,525	66,033	75,500	0
Staff Salaries	277,000	206,059	274,746	306,000	29,000
Telephone	2,646	3,333	4,444	4,500	1,854
<b>TOTAL ADMINISTRATION EXPENSES</b>	<b>2,551,446</b>	<b>539,558</b>	<b>753,338</b>	<b>992,000</b>	<b>(1,559,446)</b>
<b>TOTAL EXPENSES</b>	<b>4,146,083</b>	<b>2,426,197</b>	<b>2,896,094</b>	<b>3,272,814</b>	<b>(873,269)</b>
Policy Year Gain (Loss)	1,733,200	2,277,397	2,225,935	274,236	(1,458,964)
Transfer To Reserves Current Year Losses				2,549,186	
Transfer From Reserves Prior Year Losses	1,295,800	244,489	325,986	1,337,127	41,327
Ending Reserve Balance	4,907,871	443,759	591,678	6,985,844	2,077,973



## Workers' Compensation Budget

## UTAH COUNTIES INSURANCE POOL

	Approved 2008	Actual as of 9/30/08	Expected as of 12/31/08	Tentative 2009	Variance 2009
<b>REVENUE</b>					
Premiums Written	2,519,171	2,519,171	2,519,171	3,728,653	1,209,482
Best Practices Program Credit	(76,790)	(76,790)	(76,790)	(121,148)	(44,358)
Investment Income	137,000	102,750	137,000	75,680	(61,320)
<b>TOTAL REVENUE</b>	<b>2,579,381</b>	<b>2,545,131</b>	<b>2,579,381</b>	<b>3,683,185</b>	<b>1,103,804</b>
<b>LOSSES AND LOSS EXPENSES</b>					
Current Year Losses	336,500	304,889	406,519	600,000	263,500
Reinsurance	509,500	509,398	509,398	534,975	25,475
<b>TOTAL LOSS EXPENSES</b>	<b>846,000</b>	<b>1,435,897</b>	<b>915,917</b>	<b>1,134,975</b>	<b>288,975</b>
<b>ADMINISTRATION EXPENSES</b>					
Accounting	7,500	7,767	7,767	7,500	0
Actuarial Analysis	8,500	4,250	8,500	8,500	0
Automobile	5,000	2,360	3,146	0	(5,000)
Bank Charges	100	79	100	100	0
Board Expense	26,250	13,695	26,250	26,250	0
Building Debt Service	21,700	0	0	0	(21,700)
Building Lease	24,500	16,334	21,779	45,325	20,825
Consultant	6,000	3,450	3,450	0	(6,000)
Copying Costs	2,280	1,821	2,280	2,280	0
Dues & Subscriptions	2,280	2,171	2,171	2,280	0
Exhibiting & Sponsorship	3,500	2,581	3,442	3,500	0
Fees & Licensing	350	30	40	350	0
Incentives	1,750	2,469	2,469	2,500	750
Information Technology	14,000	9,946	13,261	14,000	0
Lobbying & Legislative Tracking	3,500	497	663	3,500	0
Loss Control & Training	35,000	18,330	3,577	35,000	0
Office Equipment	2,450	1,094	1,459	24,150	21,700
Office Insurance	2,800	2,683	5,000	3,000	200
Office Supplies	2,625	1,969	2,625	2,625	0
Postage	1,750	1,186	1,581	1,750	0
Printing	1,750	984	1,311	1,750	0
Professional Fees	22,750	995	22,750	22,750	0
Self-Insurers Tax	77,800	77,798	43,488	80,000	2,200
Staff Expenses	21,000	6,929	21,000	26,000	5,000
Staff Medical, Dental, Vision	60,000	32,616	43,488	40,372	(19,628)
Staff Medical HRA	2,500	1,930	2,500	2,500	0
Staff Medical Long Term Disability	1,300	836	1,115	1,500	200
Staff Payroll Liabilities	17,500	11,744	15,659	18,550	1,050
Staff Retirement	48,500	38,108	48,500	51,410	2,910
Staff Salaries	223,000	158,271	211,027	249,800	26,800
Telephone	2,646	2,262	2,646	3,000	354
<b>TOTAL ADMINISTRATION EXPENSES</b>	<b>650,581</b>	<b>425,186</b>	<b>523,045</b>	<b>680,242</b>	<b>29,661</b>
<b>TOTAL EXPENSES</b>	<b>1,496,581</b>	<b>1,861,083</b>	<b>1,438,963</b>	<b>1,815,217</b>	<b>318,636</b>
Policy Year Gain (Loss)	(201,200)	62,438	311,605	165,488	1,194,770
Transfer To Reserves Current Year Losse				1,702,480	
Transfer From Reserves Prior Year Losse	1,284,000	621,610	828,813	874,398	(409,602)
Ending Reserve Balance	3,020,587	(53,004)	(70,672)	3,943,485	922,898



## Employee Benefits Budget

## UTAH COUNTIES INSURANCE POOL

	Approved 2008	Actual as of 9/30/08	Expected as of 12/31/08	Tentative 2009
<b>REVENUE</b>				
Premiums Written	10,000,580	7,664,967	10,000,580	52,500
Management Fees	54,800	44,285	54,800	5,250
Investment Income	24,000	18,000	24,000	1,575
<b>TOTAL REVENUE</b>	<b>10,079,380</b>	<b>7,727,252</b>	<b>10,079,380</b>	<b>59,325</b>
<b>ADMINISTRATION EXPENSES</b>				
Accounting	3,500	3,329	3,329	3,500
Automobile	200	271	361	400
Bank Charges	50	68	68	50
Board Expense	11,250	5,869	11,250	11,250
Building Debt Service	9,300	0	0	0
Building Lease Purchase	10,500	7,000	9,334	19,425
Copying Costs	975	781	1,041	1,100
Dues & Subscriptions	975	675	675	700
Exhibiting & Sponsorship	1,500	684	1,500	1,500
Fees & Licensing	150	0	0	150
Incentives	750	1,330	1,330	1,500
Information Technology	6,000	335	446	6,000
Lobbying & Legislative Tracking	1,500	213	284	1,500
Office Equipment	1,050	472	1,050	1,050
Office Insurance	1,200	1,150	1,150	1,200
Office Supplies	1,125	586	781	800
Postage	750	501	668	750
Premiums OptiCare	52,500	39,342	52,500	52,500
Premiums PEHP	9,948,000	7,461,000	9,948,000	0
Printing	750	335	447	500
Professional Fees	9,750	271	362	5,000
Staff Expenses	9,000	6,958	9,278	9,000
Staff Medical, Dental, Vision	20,000	16,659	22,212	16,952
Staff Medical HRA	900	577	900	900
Staff Medical Long Term Disability	500	321	500	535
Staff Payroll Liabilities	7,500	5,033	7,500	7,950
Staff Retirement	17,200	14,803	17,200	17,200
Staff Salaries	80,000	62,058	80,000	88,426
Telephone	1,125	1,117	1,490	1,500
<b>TOTAL ADMINISTRATION EXPENSES</b>	<b>10,198,000</b>	<b>7,631,738</b>	<b>10,173,654</b>	<b>251,338</b>
<i>(Loss)Gain</i>	<i>(118,620)</i>	<i>95,514</i>	<i>(94,274)</i>	<i>(192,013)</i>





## **LEXIPOL Report**

14 October, 2008

To: Johnnie Miller

From: Mark Brady



Per your request, here is the current status of our information about LEXIPOL.

### **Background**

LEXIPOL provides policy development and training services for field operations and administration for law enforcement. They do not currently provide corrections policies.

Currently, three Counties are participating in the development phase at their own expense. They are requesting UCIP to pay the initial start up costs. Although they would appreciate any help we can give.

The counties now involved are Beaver, Box Elder, and Iron.

11 additional counties have indicated that they intend to become involved if UCIP pays start up costs.

### **URMMA**

I have spoken with Dean Steele CEO for URMMA and Carl Parker, the Loss Control Manager. While they declined to discuss the actual terms of their contract with LEXIPOL, I was able to ascertain that LEXIPOL had offered URMMA some concessions.

1. They have obtained the services of Gordon Graham—an expensive and sought after trainer in law enforcement risk management—for one day free of charge. This is a savings of \$15,000 to \$25,000. Furthermore they intend to charge money for the training for both member entities and others. They will actually make money on that part of the deal.
2. They were given some breaks in price by adjusting the fees based on entity size. This allowed the cities that were barely in a certain price bracket to be assessed at a lower rate.
3. There were some other unspecified reductions—but “not very much”—according to my sources.

URMMA funded the development fees by dipping into their member surplus. URMMA agreed to fund all of their members. At the same time they realized that they could not necessarily force all of them to use LEXIPOL. Currently, 23 of their cities are in the

development process and the other 2 are gearing up. URMMA initiated startup July 1, 2008.

URMMA covers 25 cities. The size of their police departments range from 1 officer to departments comparable in size to our larger counties. If they are getting a deal, then I think we should get the same kind of deal.

### **Negotiation Status**

I have attempted to contact Dan Merkle, CEO for LEXIPOL to discuss any options. In my previous conversations he had indicated that there would be no price breaks. However, I was not guaranteeing a certain level of membership.

If a deal cannot be struck with LEXIPOL, then the projected cost to fund all counties would be \$188,650. If we fund only those who have thus far indicated and interest, the amount would be approximately \$97,818.

### **Recommendation:**

My Recommendation is to see if Merkle would give us similar concessions to those obtained by URMMA. We should try to establish a price break by guaranteeing funding for at least 20 entities. Furthermore we should require our funded entities to maintain the program for at least 3 years. This would further sweeten the deal for LEXIPOL.

The reason for 20 entities rather than 27 is that 3 counties have already received reimbursement for participation in CALEA. (Cache, Davis, and Weber). We could opt not to fund these counties and save some money (\$33,850). Furthermore, I expect that several counties will simply refuse to participate.

### **Reasons for joining LEXIPOL:**

1. Less costly than trying to do it with a dedicated in house officer.
2. Uniform policies statewide provide a reliable industry standard and predictability from agency to agency.
3. There is a need among our counties, large and small, to develop field policies that are consistent with state and federal law. Most of our current Sheriff's policies are not very good. Many have not been updated for years. Some have not been updated in over a decade.
4. While there is no guarantee that the counties won't be sued, if they are sued and they have good policies, then the county becomes more judgment-proof.
5. Unlike other policy developers, LEXIPOL comes with a training system to help keep the employees up to speed.

## UCIP - Utah Counties Insurance Pool

Agency	# Sworn Officers	ID Status	Development Fee	Update Fee	DTB Fee
Beaver County SO	17	Client	\$5,950	\$2,450	\$2,000
Box Elder County SO	30	Client	\$6,950	\$2,850	\$2,700
Cache County SO	110	Prospect	\$9,950	\$3,900	\$9,000
Carbon County SO	29	Prospect	\$6,950	\$2,850	\$2,700
Daggett County SO	12	Prospect	\$5,950	\$2,450	\$2,000
Davis County SO	246	Prospect	\$13,950	\$5,200	\$16,000
Duchesne County SO	40	Prospect	\$6,950	\$2,850	\$2,700
Emery County SO	39	Prospect	\$6,950	\$2,850	\$2,700
Garfield County SO	5	Prospect	\$4,950	\$1,950	\$1,000
Grand County SO	19	Prospect	\$5,950	\$2,450	\$2,000
Iron County SO	18	Client	\$5,950	\$2,450	\$2,000
Juab County SO	12	Prospect	\$5,950	\$2,450	\$2,000
Kane County SO	14	Prospect	\$5,950	\$2,450	\$2,000
Millard County SO	30	Prospect	\$6,950	\$2,850	\$2,700
Morgan County SO	11	Prospect	\$5,950	\$2,450	\$2,000
Piute County SO	4	Prospect	\$4,950	\$1,950	\$1,000
Rich County SO	4	Prospect	\$4,950	\$1,950	\$1,000
San Juan County SO	23	Prospect	\$5,950	\$2,450	\$2,000
Sanpete County SO	13	Prospect	\$5,950	\$2,450	\$2,000
Sevier County SO	48	Prospect	\$6,950	\$2,850	\$2,700
Tooele County SO	30	Prospect	\$6,950	\$2,850	\$2,700
Uintah County SO	29	Prospect	\$6,950	\$2,850	\$2,700
Utah County SO	103	Prospect	\$9,950	\$3,900	\$9,000
Wasatch County SO	13	Prospect	\$5,950	\$2,450	\$2,000
Washington County SO	130	Prospect	\$9,950	\$3,900	\$9,000
Wayne County SO	4	Prospect	\$4,950	\$1,950	\$1,000

Weber County SO	125	Prospect	\$9,950	\$3,900	\$9,000
Pricing as of 9/8/08			\$188,650	\$75,900	\$97,600



Utah Counties Insurance Pool  
*Supporting Your Goals Since 1992*

## MEMORANDUM

**To:** UCIP Board of Trustees

**From:** Johnnie Miller

**Date:** October 14, 2008

**Re:** UCIP Staff Benefits

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Anne has prepared the attached analysis of the benefits provided UCIP staff. Anne has recommended changes to the medical, dental and pre-tax plans that will reduce UCIP's annual cost by more than \$20,000. I am supporting Anne's recommendations as they appear to have little impact on access and cost to the employees.

These options will be discussed in greater detail at the Board meeting scheduled for October 16, 2008. The 2009 budget as presented includes the changes as recommended.

JRM/jrm





# Medical

## PEHP

### Preferred and Advantage Option 2 Plan Comparison

#### Benefit 2 Pharmacy Premiums

Preferred Opt 2	Single	Double	Family
	\$386.96	\$805.52	\$1,108.42
Advantage Opt 2	Single	Double	Family
	\$326.27	\$675.20	\$913.30

#### Benefit 3 Pharmacy Premiums

Preferred Opt 2	Single	Double	Family
	\$377.51	\$785.87	\$1,081.39
Advantage Opt 2	Single	Double	Family
	\$318.31	\$658.73	\$891.02

#### Benefit 2 Pharmacy

#### Retail Pharmacy (30 day Supply)

#### Mail order Pharmacy (90 day supply)

Generic Drugs	\$10 Copayment	\$20 Copayment
Brand Formularies	\$25 Copayment	\$50 Copayment
Non-Formulary Brands	50% of discounted cost, \$40 min	50% of discounted cost, \$80 min
Specialty	Not available at retail	20% of discounted cost, \$150 Max

#### Benefits 3 Pharmacy

#### Retail Pharmacy (30 day Supply)

#### Mail order Pharmacy (90 day supply)

Generic Drugs	\$15 Copayment	\$30 Copayment
Brand Formularies	\$30 Copayment	\$60 Copayment
Non-Formulary Brands	\$65 Copayment	\$130 Copayment
Specialty	Not available at retail	20% of discounted cost, \$150 Max

#### **Mental Health**

Inpatient  
Inpatient Physician Visit  
Outpatient Therapy

#### Preferred Opt 2

80% PESB after ded  
50% PEB 20-30 days  
100% PESB \$30 copay  
50% PESB after ded

#### Advantage Opt 2

50% ACSB after ded  
50% ACSB after ded  
100% ACSB \$30 copay

#### **Emergency Room**

Facility  
Physician  
Specialist

100% PESB \$50 copay  
100% PESB  
100% PESB

100% ACSB \$75 copay  
100% ACSB  
100% 30 copay

\*PESB Public Employees Scheduled Benefits

\*ACSB Advantage Care Scheduled Benefits

#### **Hospital**

#### Preferred

Altaview  
Huntsman Cancer Inst  
IHC Orthop Spec  
Intermountain Med Cnt  
LDS  
Pioneer Valley  
Primary Children's  
SL Regional  
St. Mark's  
U of U

#### Advantage

Altaview  
Huntsman Cancer Inst  
IHC Orthop Spec  
Intermountain Med Cnt  
LDS

Primary Children's

## **Dental**

### **PEHP** Preferred Choice Dental

Preferred Choice	Single	Double	Family
	\$45.43	\$57.68	\$83.99

- Maximum Life Benefit per Member \$1,500
- Dependent Children Covered until age 26
- Includes Adult Orthodontia
- 6 months waiting period
- 80% Preventive, 80% Basic, 50% Major

## **Guardian**

### DentalGuard Preferred Network Value Plan

DentalGuard	Single	Double	Family
	\$46.00	\$59.89	\$87.54

- Maximum Life Benefit per Member \$1,500
- Dependent Children Covered until age 27
- Guardian gives the option to upgrade to
  - o Adult Orthodontia
  - o Teeth Whitening
- No waiting period
- 24 month leave for people serving on religious missions
- 80% Preventive, 80% Basic, 50% Major
- Maximum rollover benefit
  - o If the \$1,500 Max is not used during plan year, participants may roll over remaining amount



## **Plan Reimbursement Accounts**

### **UCIP**

#### Health Savings Account

- Funded by UCIP
- Reimbursed according to IRS guidelines
  - o Co-pays, deductibles, pharmacy, contacts/glasses
- Check made payable to eligible UCIP employee
- \$200 Per eligible family member

### **PEHP**

#### Flexible Spending Account

- Voluntary Employee election
- Medical Reimbursement
  - o Co-pays, deductibles, pharmacy, contacts/glasses
    - According to IRS guidelines
- Dependent Care Reimbursement
  - o Children in daycare
  - o Dependents in Adult Day Care Facilities
    - According to IRS guidelines
- \$5,000 election maximum per plan year
- Pre-tax benefit
- Reimbursed according to IRS guidelines
- Employees may have the option to use debit card or direct deposit in their bank account
- Administration fees
  - o \$2.50 per employee
  - o Add \$.50 if UCIP does not have pharmacy with PEHP
  - o Add \$.25 if UCIP does not have Dental with PEHP



Utah Counties Insurance Pool  
Payments  
September 12 - October 16, 2008

Type	Date	Num	Name	Memo	Split	Amount
WF-Expense						
Paycheck	9/15/2008		Anne M. Ayrton	Direct Deposit	-SPLIT-	0.00
Paycheck	9/15/2008		Johnnie R. Miller	Direct Deposit	-SPLIT-	0.00
Paycheck	9/15/2008		Kathy H. Stone	Direct Deposit	-SPLIT-	0.00
Paycheck	9/15/2008		Korby M. Siggard	Direct Deposit	-SPLIT-	0.00
Paycheck	9/15/2008		Lisa O. Brown	Direct Deposit	-SPLIT-	0.00
Paycheck	9/15/2008		Mark W. Brady	Direct Deposit	-SPLIT-	0.00
Paycheck	9/15/2008		Shaney M. Kelleher	Direct Deposit	-SPLIT-	0.00
Paycheck	9/15/2008		Sonya J. White	Direct Deposit	-SPLIT-	0.00
Paycheck	9/15/2008		Susan E. Gonce	Direct Deposit	-SPLIT-	0.00
Paycheck	9/15/2008		QuickBooks Payroll Service	Created by Payroll Service on 09/10/2008	-SPLIT-	0.00
Liability Check	9/15/2008		Anne M. Ayrton	Direct Deposit	-SPLIT-	-16,285.87
Paycheck	9/30/2008		Johnnie R. Miller	Direct Deposit	-SPLIT-	0.00
Paycheck	9/30/2008		Kathy H. Stone	Direct Deposit	-SPLIT-	0.00
Paycheck	9/30/2008		Korby M. Siggard	Direct Deposit	-SPLIT-	0.00
Paycheck	9/30/2008		Lisa O. Brown	Direct Deposit	-SPLIT-	0.00
Paycheck	9/30/2008		Mark W. Brady	Direct Deposit	-SPLIT-	0.00
Paycheck	9/30/2008		Shaney M. Kelleher	Direct Deposit	-SPLIT-	0.00
Paycheck	9/30/2008		Sonya J. White	Direct Deposit	-SPLIT-	0.00
Paycheck	9/30/2008		Susan E. Gonce	Direct Deposit	-SPLIT-	0.00
Paycheck	9/30/2008		QuickBooks Payroll Service	Created by Payroll Service on 09/23/2008	-SPLIT-	0.00
Liability Check	9/29/2008		Anne M. Ayrton	Direct Deposit	-SPLIT-	-16,360.98
Paycheck	10/15/2008		Johnnie R. Miller	Direct Deposit	-SPLIT-	0.00
Paycheck	10/15/2008		Kathy H. Stone	Direct Deposit	-SPLIT-	0.00
Paycheck	10/15/2008		Korby M. Siggard	Direct Deposit	-SPLIT-	0.00
Paycheck	10/15/2008		Lisa O. Brown	Direct Deposit	-SPLIT-	0.00
Paycheck	10/15/2008		Mark W. Brady	Direct Deposit	-SPLIT-	0.00
Paycheck	10/15/2008		Shaney M. Kelleher	Direct Deposit	-SPLIT-	0.00
Paycheck	10/15/2008		Sonya J. White	Direct Deposit	-SPLIT-	0.00
Paycheck	10/15/2008		Susan E. Gonce	Direct Deposit	-SPLIT-	0.00
Paycheck	10/15/2008		QuickBooks Payroll Service	Created by Payroll Service on 10/10/2008	-SPLIT-	0.00
Liability Check	10/14/2008		United States Treasury	EFT ACKNOWLEDGEMENT NUMBER: 270865900969...	-SPLIT-	-16,359.79
Liability Check	9/15/2008	ONLINE	Utah State Tax Commission	Transaction Number: 12755123	-SPLIT-	-6,452.92
Liability Check	9/30/2008	ONLINE	Utah Retirement Systems	Unit No: 864 (SEPT 2008)	-SPLIT-	-2,061.41
Liability Check	9/30/2008	ONLINE	United States Treasury	EFT ACKNOWLEDGEMENT NUMBER: 270867400460...	-SPLIT-	-10,076.26
Liability Check	9/30/2008	ONLINE	Nationwide Retirement Solutions	Entity: 644013	-SPLIT-	-6,476.76
Check	9/25/2008	VISA	Wells Fargo	Account Number: 4856 2002 0646 9796	-SPLIT-	-2,938.63
Check	9/25/2008	VISA	Wells Fargo	Account Number: 4856 2002 0869 3567	-SPLIT-	-4,438.12
Check	9/25/2008	VISA	Wells Fargo	Account Number: 4856 2002 0633 9635	-SPLIT-	-928.92
Check	9/17/2008	4767	Utah Women's Conference	Conference Registration	-SPLIT-	-969.62
Check	9/17/2008	4768	Johnnie R. Miller	Expense Reimbursement	-SPLIT-	-50.00
Check	9/17/2008	4769	Larson & Rosenberger	Invoice Number: 34749	-SPLIT-	-48.25
Check	9/17/2008	4770	Karla Johnson	Mileage Reimbursement	-SPLIT-	-3,000.00
Check	9/17/2008	4771	Kay Blackwell	Mileage Reimbursement	-SPLIT-	-354.51
Check	9/17/2008	4772	Kent Sundberg	Mileage Reimbursement	-SPLIT-	-224.64
Check	9/17/2008	4773	Ken Bischoff	Mileage Reimbursement	-SPLIT-	-224.64
Check	9/17/2008	4774	Gerald Hess	Expense Reimbursement	-SPLIT-	-46.80
Check	9/17/2008	4775	Steven Wall	Mileage Reimbursement	-SPLIT-	-635.10
Check	9/17/2008	4776	Steve White	Mileage Reimbursement	-SPLIT-	-36.27
Check	9/17/2008	4777	Bruce Adams	Mileage Reimbursement	-SPLIT-	-169.65
Check	9/17/2008	4778	James Eardley	Mileage Reimbursement	-SPLIT-	-46.80
Check	9/17/2008	4779	Lynn Lemon	Mileage Reimbursement	-SPLIT-	-315.90
Check	9/17/2008	4780	Arthur J. Gallagher & Co.	Invoice Number: 83608	-SPLIT-	-327.60
Check	9/17/2008				-SPLIT-	-113.49
Check	9/17/2008				-SPLIT-	-158.40

# Utah Counties Insurance Pool

## Payments

### September 12 - October 16, 2008

Type	Date	Num	Name	Memo	Split	Amount
Check	9/17/2008	4781	Korby M. Siggard	Mileage Reimbursement	Staff Expenses ML	-43.89
Check	9/17/2008	4782	Civic Research Institute	Order Number: 2014210-R1	-SPLIT-	-179.95
Check	9/17/2008	4783	Office Depot	Account Number: 35538769	-SPLIT-	-87.44
Check	9/17/2008	4784	Positive Incentives	Invoice Number: 86297	-SPLIT-	-2,136.23
Check	9/30/2008	4785	Thompson Publishing Group, Inc.	Account Number: 5545124	-SPLIT-	-438.50
Check	10/15/2008	4786	PEHP-LTD	Coverage Period: September 2008	-SPLIT-	-12,202.24
Check	10/16/2008	4787	Utah Counties Insurance Pool	Employee Benefits - September	-SPLIT-	-3,565.00
Check	10/16/2008	4788	Arthur J. Gallagher & Co.	Invoice Number: 84133	-SPLIT-	-182.19
Check	10/16/2008	4789	Tri-Tel Communications, Inc.	Invoice Number: 144022	-SPLIT-	-200.00
Check	10/16/2008	4790	Public Risk Management Association	Membership Number: 10001553	-SPLIT-	-5,800.00
Check	10/16/2008	4791	AGRP	Invoice Number: 08G-01575	-SPLIT-	-4,570.00
Check	10/16/2008	4792	Arthur J. Gallagher & Co.	Invoice Number: 83821	-SPLIT-	-152.23
Check	10/16/2008	4793	Verizon Wireless	Invoice Number: 0696224969	-SPLIT-	-10,097.00
Check	10/16/2008	4794	Positive Incentives	License #: 741UHD	-SPLIT-	-39.00
Check	10/16/2008	4795	Utah State Tax Commission	Account Number: 801-565-8500	-SPLIT-	-474.38
Check	10/16/2008	4796	Qwest	Expense Reimbursement	-SPLIT-	-2,534.00
Check	10/16/2008	4797	Mark W. Brady	Sponsorship/Exhibiting	-SPLIT-	-3,470.00
Check	10/16/2008	4798	Utah Association of Counties	Expense Reimbursement	-SPLIT-	-204.05
Check	10/16/2008	4799	Korby M. Siggard	Invoice Number: 34940	-SPLIT-	-407.82
Check	10/16/2008	4800	Larson & Rosenberger	Invoice Number: 2008-137	-SPLIT-	-2,125.00
Check	10/16/2008	4801	By The Numbers Actuarial Consulting, Inc.	Commercial Lease: 6900 South 900 East, Suite 230	-SPLIT-	-5,894.43
Check	10/16/2008	4802	FCP Holdings, LLC	Debutante Ball Premium Overpayment	-SPLIT-	-25.00
Check	10/16/2008	4803	Anita Ramirez	Invoice Number: 01732898	-SPLIT-	-51.78
Check	10/16/2008	4804	Premiere Global Services	Invoice Number: 0992614-IN	-SPLIT-	-162.18
Check	10/16/2008	4805	Les Olson Company	Invoice Number: 0691658779	-SPLIT-	-65.61
Check	10/16/2008	4806	Verizon Wireless	Expense Reimbursement	-SPLIT-	-280.80
Check	10/16/2008	4807	Wayne Smith	Invoice Number: 189374	-SPLIT-	-270.00
Check	10/16/2008	4808	Revco Leasing Company, LLC	Invoice Number: 0103624	-SPLIT-	-4.79
Check	10/16/2008	4809	State of Utah Mail	Account Number: 35538769	-SPLIT-	-299.00
Check	10/16/2008	4810	Office Depot	Customer ID: 19821793866	-SPLIT-	-466.99
Check	10/16/2008	4811	Purchase Power	Invoice Number: 684456	-SPLIT-	-116.82
Check	10/16/2008	4812	Pitney Bowes, Inc.			
Total WF-Expense						-145,697.01
WF-Work Comp Expense						
Check	10/16/2008	211	VOID:	VOID:	Spoiled Check	0.00
Check	10/16/2008	211	VOID:	VOID:	Spoiled Check	0.00
Check	10/16/2008	214	Specific Software Solutions, LLC	Invoice Number: 15081	Information Technology ...	-799.00
Check	10/16/2008	215	Mountain View Software	Invoice Number: 13639	Information Technology ...	-192.00
Check	10/16/2008	216	By The Numbers Actuarial Consulting, Inc.	Invoice Number: 2008-136	Actuarial Analysis WC	-2,125.00
Total WF-Work Comp Expense						-3,116.00
TOTAL						-148,813.01

# ACCRUAL BASIS

## UTAH COUNTIES INSURANCE POOL Financial Statement Summary For the Period Ending September 30, 2008

	ML	WC	EB	Total
<b>Revenue</b>				
Written Premium	\$3,863,252	\$1,889,378	\$5,748,725	\$11,501,355
Ceded Premium	\$838,716	\$382,049	\$5,669,430	\$6,890,194
Net Premium	\$3,024,536	\$1,507,330	\$79,295	\$4,611,161
Other Income	\$0	\$0	\$33,214	\$33,214
Total Net Revenue	\$3,024,536	\$1,507,330	\$112,509	\$4,644,375
<b>Expense</b>				
Loss & ULAE	\$2,384,823	\$1,574,538	\$0	\$3,959,361
Ceded Loss & ULAE	\$642,615	\$238,363	\$0	\$880,978
Net Loss & ULAE	\$1,742,208	\$1,336,175	\$0	\$3,078,384
Indirect Underwriting Expense	\$404,669	\$318,889	\$98,547	\$822,105
Total Net Expenses	\$2,146,877	\$1,655,065	\$98,547	\$3,900,488
<b>Net Income</b>				
Underwriting Gain(Loss)	\$877,659	(\$147,735)	\$13,962	\$743,886
Investment Income	\$281,212	\$77,063	\$13,500	\$371,774
Total Net Income	\$1,158,871	(\$70,672)	\$27,462	\$1,115,661
<b>Member Equity</b>				
Prior Year End	\$4,334,417	(\$1,414,621)	\$300,007	\$3,219,803
Charge to Equity*	(\$567,193)	\$0	\$0	(\$567,193)
YTD Increase(Decrease)	\$591,678	(\$70,672)	\$27,462	\$548,468
Total Inception To Date	\$4,926,095	(\$1,485,293)	\$327,469	\$3,768,271
<b>Ratios</b>				
Premium to Surplus	0.78	(1.27)		
Expense Ratio	10.5%	16.9%	1.7%	7.1%

\*Land purchase charged to ML program





## ANNOUNCEMENT

**To:** Utah Licensed Brokers, Agents and Consultants  
**From:** Public Employees Health Program  
**Date:** October 14, 2008  
**Subject:** New LGRP Broker Compensation Program

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Dear Partners,

Public Employees Health Program's (PEHP) goal is to provide comprehensive and efficient health care programs to state, local government, educational and municipal clients. PEHP has made a few changes lately and we want to keep you informed.

### ***Partnership Assessment***

Over the last year, PEHP has focused on many of its partnerships and has found that replacing or dissolving some partnerships is in the best interests of our clients. For this reason, PEHP recently in-sourced all administrative functions, resulting in savings. PEHP also replaced our Summit Care network partner, which will reduce administration costs, fee schedules and network-access fees.

### ***LGRP Broker Compensation Program***

Due to in-sourcing, PEHP will now partner with the local broker/agent/consultant community, through a new broker compensation program for the Local Government Risk Pool (LGRP). This decision was made in lieu of hiring additional support staff internally to replace the support staff provided through previous partnerships.

The LGRP is a multi-employer risk pool with approximately 250 local government, educational and municipal agencies. Effective January 2009 and July 2009 (depending on the agency's renewal month), all LGRP medical and dental renewals (and LGRP new business quotes) will include an allocation up to 3% to assist in the servicing of accounts.

PEHP clients will receive the same premium quote whether they choose to use a broker or choose to work directly with PEHP. For example, if the agency decides to pursue a direct relationship with PEHP, the allocation will be used internally to service the account with PEHP personnel. If the agency decides to pursue a relationship through a broker, the allocation will be paid (on a monthly basis) to compensate for the servicing, managing and carrier communication of the account through the broker.

*(continued on next page)*



### **LGRP January Renewal**

Due to these (and other) changes, PEHP has experienced lower than average annual increases. PEHP is pleased to announce that the average annual increase for January 2009 participating LGRP agencies is 3.25% (another year of lower, single-digit increases). As for our dental program, January 2009 participating LGRP employer groups received a 5% discount off of current rates.

### **Cost Containment Focus**

PEHP has focused on several areas where we can reduce costs, without compromising quality. Although the LGRP is continuing to receive lower annual increases than the industry average, there are several areas that will contribute to decreased costs over the next couple of years.

Through PEHP, our mutual groups will realize significant savings in the following areas:

- **Pharmacy Benefit Management (PBM) Discounts.** PEHP recently renewed and negotiated deeper discounts, resulting in significant savings over the next 3 ½ years.
- **Disease Management, Case Management, Care Management.** Enhanced and newly developed programs will continue to manage costs on medical spend, resulting in continued savings for our mutual clients, while providing better clinical support for the patient.
- **Wellness.** PEHP will soon introduce modifications to our current wellness program, including participant incentives.
- **Lab, Durable Medical Equipment (DME) and Home Health.** PEHP recently renewed and negotiated deeper discounts, resulting in additional savings.

Considering PEHP operates and administers self-funded plans, all savings are passed onto risk pools and agencies.

Should you have any questions or we can be of service, please let us know.

Sincerely,



Jeff Boone, PEHP Marketing Director

### **For more information, please contact:**

Jared Tuia  
PEHP Marketing Specialist  
Public Employees Health Program  
(801) 366.7505 Voice  
jared.tuia@pehp.org





Utah Counties Insurance Pool  
*Supporting Your Goals Since 1992*

## MEMORANDUM

**To:** UCIP Board of Trustees

**From:** Johnnie Miller

**Date:** October 14, 2008

**Re:** 2008 & 2009 UCIP Goals

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In preparation for the upcoming Board meeting I realized we had not formalized specific goals during or after our retreat meeting in June. I have attached a list of goals for 2008 and 2009 based on our discussions during the retreat meeting, and subsequent meetings of the Board.

As you can see, these goals are very broad, and will require numerous tasks and objectives to complete. The focus, as I see it, is to set goals that will solidify the fundamentals of the organization. If we can accomplish this, we can begin to set goals in 2010 that are more geared toward growth and expansion of services.

I look forward to your comments and discussion on these items to clarify the objectives of staff over the next 14 months.

JRM/jrm



## **UCIP Goals 2008/2009**

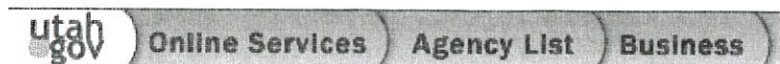
### **2008 Goals**

1. Revise Governance documents
  - a. Articles of Incorporation
  - b. Interlocal Agreement
  - c. Bylaws
2. Revise By Line of Coverage Budgets within 20% Expense Ratio
  - a. UCIP Employee Benefits – Structure & %
  - b. Reimbursement Programs
  - c. Best Practices Programs
  - d. Conferences & Seminars
  - e. Staffing
  - f. Claim System

### **2009 Goals**

1. Revise Policies & Procedures
  - a. Personnel
  - b. Board
  - c. Rating
  - d. Underwriting
2. Restructure Benefits Program
  - a. Broker RFP
  - b. Benefits Member Amendment
  - c. Self Insure / Group Purchase
  - d. Funding UCIP Expenses
3. Review/Revise Underwriting Methodology
  - a. Timing – Member Budgets & Reinsurance
  - b. Rating Units – Budget, Payroll...
  - c. Experience Mods & Experience Credits
4. Review/Revise Membership Structure
  - a. Levels of Membership (Voting & Coverage Only)
  - b. Addendums to Interlocal for each Program
    - i. Multiline
    - ii. Workers Compensation
    - iii. Employee Benefits



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### Notice Published Successfully

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Meeting Title: Board of Trustees

Government  
Type: Special Districts

Entity: Utah Counties Insurance Pool

Public Body  
Name: Board of Trustees

Meeting  
Subject: Insurance

Street  
Address: 100 East Center Street

Street Address  
continued: #2300

City: Provo

Zip: 84606

Start Date: 10/16/08 10:00 AM

End Date: 10/16/08 1:00 PM

Agenda: Call to Order ACTION Excuse Board Members Absent Approval of September 11, 2008 Meeting Minutes Review/Approve Amended Board Travel Policy (Reimbursement/Per Diem) Review/Approve Amended Investment Policy Review/Approve 2009 Tentative Budgets Review/Approve 2009 Premium Contributions Set Date and Time for Closed Meeting to Discuss Character, Professional Competence, Physical/Mental Health of an Individual Action on Personnel Matters Set Date and Time for Closed Meeting to Discuss the Pending or Reasonably Imminent Litigation Action on Litigation Matters Ratification and Approval of Payments and Credit Card Transactions INFORMATION Review Third Quarter Financial Statements Summary Review Benefits Program Other Business Lunch Provided

ADA: In compliance with the Americans with Disabilities Act, individuals needing special accommodations (including auxiliary communicative aids and services) during this meeting should notify Sonya White at the Utah Counties Insurance Pool, PO Box 760, Midvale, UT 84047, or call 800-339-4070, at least three days prior to the meeting.

Electronic  
Participation: Any Member of the Utah Counties Insurance Pool Board of Trustees may participate telephonically.

Other:

Emergency  
Meeting No

